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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

VIA HAND DELIVERY
Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, NW
Washington, D.C. 20554

Re: Part 32 Petition for Rulemaking
Filed By the United States
Telephone Association
RM No. 8448

Dear Mr. Caton:

Enclosed, are an original and 4 copies of Comments, filed on behalf of Roseville Telephone Company, in support of the Petition for Rulemaking regarding revision of Part 32 of the Commission's Rules, filed by the United States Telephone Association (RM No. 8448). Please contact the undersigned counsel if you have any questions regarding this matter.

Very truly yours,

Paul Feldman

Paul J. Feldman
Counsel for
Roseville Telephone Company

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Enclosure

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BEFORE THE

Federal Communications Commission

WASHINGTON, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

In the Matter of Petition for Rulemaking to Amend Part 32 of the Commission's Rules Uniform System of Accounts for Class A and Class B Telephone Companies to Increase the Dollar Limit for Expensing the Cost of Individual Items of Equipment	)))))))))	RM No. 8448

COMMENTS OF ROSEVILLE TELEPHONE COMPANY

Roseville Telephone Company ("Roseville") hereby submits its comments in support of the *Petition for Rulemaking* filed by the United States Telephone Association ("USTA") in the above captioned proceeding on March 1, 1994 (RM-8448)(hereinafter, the "*Petition*"). In support thereof, the following is shown.

Roseville serves approximately 91,000 subscriber access lines in the Roseville, California area, and it is the 25th largest local exchange carrier ("LEC") in the nation. Roseville has been providing high quality wireline services for almost 80 years, and it looks forward to the challenges and opportunities that will arise as it and other local exchange carriers assist the nation in creating the national information superhighway.

However, if LECs are to provide competitive and cost-efficient services to their subscribers in this new telecommunications era, the Commission must ensure that the regulations of LECs are as up-to-date as the latest technology, and that these regulations allow LECs to operate in an efficient and cost-effective manner. The revisions proposed in the *Petition* advance these goals.

The *Petition* proposes that the Commission initiate a rulemaking proceeding to amend Section 32.2000(a)(4) of its Rules to increase the expense limit of certain individual items of equipment from $500 to $2000. As USTA notes, the current limit has not been reviewed since 1988, and is no longer relevant in today's, or the future's, increasingly competitive environment. Roseville believes, and the Commission itself has recognized[1], that substantial administrative efficiencies can be achieved by expensing low-value items, rather than carrying them in the rate-base, with the resulting reduction in administrative costs associated with tracking, retiring and processing these items. The ability to pass these efficiencies along to their subscribers would place LECs on a more level playing field with their competitors.

In addition to adjusting the Rules to today's increasingly competitive environment, the proposed revisions would directly benefit subscribers by allowing LECs to pass the above-described administrative savings along to subscribers. And while there would be a shift of a certain amount of assets from the rate-base to expenses, in Roseville's case this increase in annual expenses would be minimal (less than one half percent) and would be offset by a decrease in depreciated expenses. Furthermore, if the Commission were to accept the amortization schedule proposed in

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[1] *Part 31 Report and Order*, 3 FCC Rcd 4464,4466 (1988).

the *Petition*, this shift would be implemented in a revenue-neutral manner.[2]

In sum, the revisions proposed in the *Petition* would benefit consumers by eliminating the administrative costs associated with tracking and retiring low-cost items, and would allow LECs to operate in a manner more appropriate for today's competitive environment. Such revisions are even more important as LECs participate in the realization of the national information superhighway. Accordingly, Roseville requests that the Commission initiate a rulemaking proceeding as requested in the *Petition*.

Respectfully submitted,

ROSEVILLE TELEPHONE COMPANY

By: Paul J. Feldman

George Petrutsas
Paul J. Feldman

Its Attorneys

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April 22, 1994

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[2] Indeed, overall revenue requirements may be reduced as a result of reduced carrying charges associated with the capitalized investment. *See* Comments of Ameritech, *Id.*, 3 FCC Rcd at 4464.

CERTIFICATE OF SERVICE

I, Inder Kashyap, an employee of Fletcher, Heald & Hildreth, hereby certify that a copy of the foregoing "Comments of Roseville Telephone Company" was filed with the Federal Communications Commission on April 22, 1994, and a copy served on that same day by first class U.S. mail, postage prepaid, to the following:

Linda Kent, Esq.
Associate General Counsel
United States Telephone Association
1401 H Street, NW, #600
Washington, D.C. 20005

Inder M. Kashyap